

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 L-03 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 NSCE-00 SSO-00

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O R 090704Z SEP 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC IMMEDIATE 6522

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, AS

SUBJECT: COUNTERVAILING DUTIES ON BUTTER

REF: (A) STATE 213226; (B) CANBERRA 5784; (C) CANBERRA 5783

1. EMBASSY CONVEYED SUBSTANCE REF (A) TO FOGARTY, AND COLLEAGUES, PROMISING GOA REACTION AND RESPONSE 10 SEPTEMBER, CONFINED TODAY'S DISCUSSION TO MINOR CLARIFYING QUESTIONS RESPECTING U.S. PROPOSAL.

2. IN ORDER TO BE IN POSITION TO DEAL WITH FURTHER GOA QUESTIONS WHICH WE BELIEVE LIKELY TO ARISE IN DISCUSSION 10 SEPTEMBER, EMBASSY WOULD APPRECIATE BY COB 9 SEPTEMBER WASHINGTON TIME DEPARTMENT'S COMMENTS ON FOLLOWING POINTS:

(A) WILL IT MEET U.S. POSITION IF CONSULTATIONS COMMENCE IN WASHINGTON BY SEPTEMBER 22?

(B) ALTERNATIVELY, DOES REF (A) IMPLY CONSULTATIONS MUST BE COMPLETED PRIOR TO SEPTEMBER 22? (WE NOTE TREASURY WILL WITHHOLD ACTION TO COLLECT DUTIES UNTIL SEPTEMBER 22.

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PRESUMABLY, DUTIES WOULD NOT BE INSTITUTED WHILE CONSULTATIONS

IN PROGRESS. IF THE U.S. OFFER WERE INTENDED TO REQUIRE THAT CONSULTATIONS BE INITIATED SUFFICIENTLY EARLY IN COMING TWO WEEKS TO PERMIT THEIR COMPLETION PRIOR TO SEPTEMBER 22, THEN THE SCHEDULE PROPOSED BY THE U.S. WOULD CONFRONT THE GOA WITH A VERY DIFFICULT TIMETABLE, ESPECIALLY CONSIDERING OUR INSISTENCE THAT THE CONSULTATIONS TAKE PLACE IN WASHINGTON.)

(C) WHAT WAS THE OUTCOME OF THE BRUISING ENCOUNTER WITH THE EC ON DAIRY PRODUCTS ALLUDED TO IN PARA 2 OF REF (A)? (AS INDICATED REF (B), GOA ASSERTS USG TOLERANCE TOWARD EC IN ALLEGEDLY PARALLEL SUBSIDY PRACTICE MAKES PROPOSAL TO COUNTERVAIL AGAINST AUSTRALIA DISCRIMINATORY. FOR THIS REASON, THE QUESTION OF WHETHER THE U.S. DID OR DID NOT COUNTERVAIL AGAINST THE EC, AND IN THE LATTER EVENT THE QUESTION OF WHAT DIFFERENCE WE SEE BETWEEN THE EC SITUATION AND THE AUSTRALIA SITUATION IS HIGHLY MATERIAL. FOGARTY POINTEDLY ALLUDED IN OUR DISCUSSION TODAY TO THE ABSENCE OF ANY REFERENCE TO "EUROPEAN COUNTRIES OTHER THAN AUSTRIA, NORWAY, SWEDEN AND FINLAND.")

(D) EMBASSY WOULD APPRECIATE CLARIFICATION OF THIRD SENTENCE PARA 2 REF (A). DOES THIS REFER TO FACT THAT NO COMPLAINTS WERE RECEIVED RESPECTING BUTTER IMPORTS FROM COUNTRIES OTHER THAN AUSTRALIA? IF THE REFERENCE IS TO NON-RECEIPT OF COMPLAINTS AGAINST AUSTRALIAN BUTTER DURING PERIOD OF AUSTRALIAN SHIPMENT, THEN WE DO NOT UNDERSTAND THE SENTENCE AND WOULD APPRECIATE ELABORATION.

3. EMBASSY COMMENT: WE SHOULD GREATLY APPRECIATE TIMELY REPLIES TO THESE QUESTIONS. WE HAD EXPECTED THEY MIGHT ARISE DURING OUR INITIAL DISCUSSION WITH FOGARTY SEPTEMBER 9 AND BELIEVE IT EVEN MORE LIKELY THAT THEY WILL BE RAISED AFTER FOGARTY AND COLLEAGUES HAVE REFLECTED ON U.S. PROPOSAL.

4. WHILE WE APPRECIATE THE RELUCTANCE OF TREASURY AND DEPARTMENT TO PROLONG THIS MATTER IN VIEW OF PROTRACTED PAST DISCUSSIONS, WE BELIEVE THE VALUE OF ACCEDING TO THE GOA REQUEST FOR CONSULTATIONS WILL BE LARGELY DISSIPATED LIMITED OFFICIAL USE

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IF WE CONDITION OUR ACCEPTANCE ON AN UNDULY DIFFICULT TIMETABLE, GIVEN THE FACT THAT THE GOA WILL PROBABLY WISH TO PREPARE AND DISPATCH A TEAM TO WASHINGTON FOR THIS PURPOSE. EMBASSY ACCORDINGLY HOPES THEREFORE THAT DEPARTMENT'S ANSWERS TO QUESTIONS (A) AND (B) ABOVE WILL INDICATE THAT THE U.S. IS PREPARED TO ALLOW GOA UNTIL SEPTEMBER 22 TO GET ITS REPRESENTATIVES TO WASHINGTON AND TO DEFER THE IMPOSITION OF DUTIES TO ALLOW A REASONABLE

TIME FOR CONSULTATIONS TO TAKE PLACE. ON THE OTHER HAND,
IF THE U.S. PROPOSAL CONTEMPLATES THAT DUTIES WILL BE
APPLIED SEPTEMBER 22 UNLESS MUTUAL AGREEMENT TO THE
CONTRARY HAS BEEN REACHED IN CONSULTATIONS PRIOR TO THAT
DATE, THEN WE WISH TO MAKE THIS CRYSTAL CLEAR TO GOA
SEPTEMBER 10 IN ORDER TO AVOID ANY MISUNDERSTANDING AND
SUBSEQUENT ACrimONY. PERCIVAL

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